

**Inspection of the Railroad Retirement Board's  
Quality Assurance Program for Initial Benefit Awards  
Report No. 02-06, February 14, 2002**

---

**INTRODUCTION**

---

This report presents the results of the Office of Inspector General's (OIG) inspection of the Railroad Retirement Board's (RRB) quality assurance program for initial benefit awards.

**BACKGROUND**

The RRB is an independent agency in the executive branch of the Federal government. The RRB's primary function is to administer comprehensive retirement-survivor and unemployment-sickness benefit programs for the nation's railroad workers and their families. These benefits are provided under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA).

During fiscal year 2000, the RRB paid nearly \$8.3 billion in retirement-survivor benefits to approximately 724,000 beneficiaries. The RRB also paid \$76.5 million to the 14,000 individuals qualifying for unemployment benefits and 23,000 individuals qualifying for sickness benefits under the RUIA.

RRB management established the Bureau of Quality Assurance (BQA) in 1985. BQA was responsible for quality assurance programs throughout the RRB, although its primary focus was on measuring the accuracy of retirement and survivor programs administered by the agency's Office of Programs. BQA conducted annual reviews of initial retirement and survivor claims processing and post adjudication claims processing.

The Office of Programs was restructured in May 1996. The Assessment and Training unit was established as part of this alignment and assigned, in addition to other duties, the responsibility for measuring the quality of work performed in all areas of the Office of Programs.

The mission statement for the Assessment and Training unit provides that its role is to determine program performance, evaluate program controls and recommend improvements. To meet these objectives, the Assessment and Training unit monitors and evaluates program processes and systems to ensure accuracy, efficiency and integrity; conducts special studies; performs statistical analysis; and evaluates and coordinates training needs.

The RRB eliminated BQA as a separate entity on December 9, 1999. BQA's staff and functions were officially moved to the Office of Programs' Assessment & Training, Program & Evaluation Section on July 31, 2000.

The enactment of the Government Performance and Results Act required that specific results on accuracy be reported as a measure of RRB performance. The RRB uses performance measures to track the accuracy of benefit payments. The RRB's Strategic Plan includes "pay benefits accurately" and "ensure efficient operations through effective management control and quality assurance programs" as objectives in meeting its strategic goals of providing excellent customer service and safeguarding agency trust funds. This inspection addressed these key areas of agency performance.

### OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this inspection was to determine if the RRB's Office of Programs established a control function that would provide management with timely information on the accuracy of initial benefit payments. The inspection covered the scope of quality assurance testing and reporting during fiscal year 2001. For the purpose of this inspection, we accepted the accuracy of quality assurance testing of individual cases without independent verification.

To accomplish the objective, the OIG:

- reviewed the Office of Programs' Plan for Quality;
- reviewed the Office of Programs' Restructuring Proposal;
- reviewed RRB administrative reports;
- reviewed RRB management control reviews;
- interviewed RRB personnel; and
- determined whether the RRB implemented the quality assurance objectives of its reorganization plan.

The inspection was performed in accordance with standards for inspections and evaluations appropriate for this type of review. The fieldwork was performed at the RRB headquarters office in Chicago, Illinois from August through December 2001.

---

### **RESULTS OF REVIEW**

---

The Office of Programs established a quality control function that provided RRB management with timely information on the accuracy of initial benefit payments. There is, however, some confusion over the Office of Programs' use of Statistical Process Control (SPC). SPC is a technique used to identify variances in the processing of a product or service and to provide statistically sound projections of quality and timeliness. The basic concept of SPC is that every process, however precise it may be, produces variations. SPC uses statistical sampling of work

products to establish “control charts”. Control charts are statistical tools used to analyze and understand process variables, to determine process performance with respect to those variables, to monitor the effect of those variables on the process, and to identify any differences between customer needs and performance.

The Office of Programs’ quality assurance staff conducts reviews of initial employee, spouse and widow(er) applications and manually processed post-adjudication actions. A stratified random sampling of cases processed during the fiscal year are reviewed to determine accuracy rates and compliance with policies and procedures. Personnel from various offices within the Office of Programs meet semi-annually to discuss pertinent errors, to present solutions to problems and to agree on corrective actions. Previously, BQA reports contained recommendations and discussions, but feedback was not provided until reports were issued. The Office of Programs’ quality assurance staff now provides feedback throughout the year.

The Office of Programs implemented most of the quality assurance objectives contained in its 1996 restructuring plan and in its 1997 quality plan. The Office of Programs met these objectives by:

- merging all quality assessment/reviews from all bureau and offices in the Office of Programs under the direction of a single Assessment & Training Director;
- ensuring quality feedback based on the results of quality assessments; and
- assisting the Agency in meeting the reporting requirements of the Government Performance and Results Act.

Details of the Office of Programs’ efforts to implement SPC are discussed in the following section of the report.

### STATISTICAL PROCESS CONTROL

The Office of Programs’ Restructuring Proposal, approved by the Board on May 15, 1996, indicated that the Assessment & Training unit would perform SPC services. Its Plan for Quality, submitted to the Board in August 1997, also identified SPC as the technique best suited to control and improve the quality of services in the Office of Programs.

In February 1998, the Office of Programs initiated SPC as a pilot project to evaluate the processing of sickness applications. The pilot was performed to determine whether SPC would be feasible for measuring the quality of benefit awards throughout the Office of Programs. The pilot was scheduled to end on July 31, 1998 but SPC reviews continued through March 31, 2000. Although SPC proved to be a valuable tool, Office of Programs’ management decided to discontinue its implementation in the sickness application area. They believed it

was not practical to continue the process because SPC was too labor intensive, the RRB had too many complex application processes, and the results became redundant.

Some employees interpreted this to mean that SPC was being discontinued. Management in the Office of Programs stated that the restructuring proposal called for statistical process control services in broader terms, not specifically SPC, as one approach to measuring quality. They indicated that, although all aspects of SPC may not be implemented, elements of SPC would continue to be used when and where needed. They also indicated that the Office of Programs is still able to provide statistical projections on quality.

### Recommendation

The OIG recommends that the Office of Programs clarify its intentions for using SPC services.

### Management's Response

The RRB concurred with the recommendation. Management stated that the Office of Programs' customer quality assurance plan will address the principles they will use (and /or continue to use) in measuring and improving quality to its customers. Statistical tools will play (or continue to play) an important role in both measuring performance, and setting performance goals based on process control charts.